

dollars and cents, but that there have been substantial reductions is apparent.

Further, the company claims that in 1909 it did its industrial business practically at cost. This seems to be borne out by the statement of the examiners in discussing the gain in the company's surplus from December 31, 1908, to December 31, 1909.

Such cost is still considerably in excess of the cost of ordinary insurance. This must be so because inherent in the industrial insurance system is the heavier mortality incident to the industrial classes being the insured, the large initial expense or overhead charge of placing an enormous number of policies in small amount, the still larger disbursement due to the method of collecting premiums weekly through agents who go from door to door, and the clerical work of the office necessitated thereby. Economies since the Armstrong investigation seem, however, to justify the hope that the reductions in insurance cost during the past six years can be still further increased, and that, if so, industrial insurance for the masses may be still further cheapened by this company and others operating in the same field.

LAPSE RATIO.

As previously indicated the quarterly lapse ratio has fallen from 51.46 per cent. in the Armstrong report to 41.10 per cent. at present, while cancellations of policies issued in 1909 amount to 25.05 per cent. as against an average for five years previous to the Armstrong report of 33.97 per cent. Summarizing these and similar figures, the examiners conclude: "It is evident from the above comparison that there is a substantial improvement in the persistence of the business." But the Armstrong report also calls attention to the fact that the insured who permit their policies to lapse receive no money in return for their payments. This is, in substance, still true. The practice of the company as to cancellations is to give to policyholders whose insurance has been in force at least three years the so-called non-forfeiture privileges; that is, paid-up or extended insurance. This company, however, save in cases of extreme need, never grants a loan on an industrial policy, and gives cash surrender values only after such a policy has been in force ten years. In these particulars its practice is different from that of companies writing ordinary life insurance. This is thought to be necessarily so. Such a company cannot well give loan values, for the reason that the accounting necessary to keep track of the vast number of loans that would be made under these small policies would destroy the value of the privilege to the policyholders. In other words, the increased expense would be such as to make loans impracticable. For this reason, it seems to me that, at a time when both the company and the public are endeavoring to give benefits of this sort to the masses at the least possible expense, it would be ill advised to add unnecessarily to these expenses. The policyholder should have his equity without doubt. This can be given in three different forms, cash, extended insurance, or paid-up value. The cash value, especially during the earlier years, is so small as to be of little benefit to the policyholder, while the tendency to lapse which would thus be created would result in an increased expense. To get the best results, all waste must be eliminated, and it is questionable if the waste that would result from surrender values during the early years would not overcome the slight benefits to be derived from cash values.

PREVENTIVE CAMPAIGNS.

The memorandum refers appreciatively to the Company's campaign against tuberculosis:—

As a matter of mere business economies, the company's activities in this direction entitle it to the approval of this department. It is stated that 18 per cent. of its death claims paid in 1909 were because of deaths due to this single disease; the amount thus disbursed being \$3,000,000, out of a total disbursement, for death claims and mortuary bonuses, of about \$16,250,000 to industrial policyholders. Any reasonable expenditure, the purpose and result of which is the reduction of losses from this cause, is, therefore, apparently justified; provided such expenditure is for a general campaign including all of the company's policyholders.

With regard to the Company's nursing system,

the memorandum proceeds:—

While this service has been but recently established and while, therefore, the examiners are in some doubt as to its ultimate effectiveness either from the standpoint of saving the lives of policyholders or minimizing unhealthy conditions, no one can make a personal investigation into what has already been done without being profoundly impressed with, not only the economic, but, more, the beneficent value of the work. Numerous cases where lives have been saved are already on record. Many instances showing improvement in home conditions due to the visits of the nurses are known. The only criticism warranted at present is that the service is not as yet general, that is, available to all of the industrial policyholders of this company; but, I take it, such a work is necessarily one of growth. It seems to be the present plan of the company to make its nursing service available to every industrial policyholder resident in a community where trained nurses may be had.

In view of what has thus far been accomplished, it seems unnecessary to mention the present annual cost of the service. The company estimates that it can be extended to practically its entire industrial field at an annual expenditure of less than \$500,000. Whether, when so extended, this sum will be saved in death claims is, perhaps, a question; but a question of little moment when the fact that the work itself makes for the general welfare of the industrial classes of the nation, is taken into account.

THE SUPERINTENDENT'S CONCLUSION.

Summing up his memorandum, Superintendent Hotchkiss writes:—

Industrial insurance still costs the insured more than ordinary insurance. The lapse ratio is still high. These elements are, however, inherent in industrial insurance itself, and all that can be expected of a company writing it is that it use every effort to lower such ratios.

I, therefore, reach the same conclusion as was apparently reached by the Armstrong Committee:

The interests of government require that the industrial masses have insurance, paid for weekly to collectors who go from door to door. It must be given them either by private corporations or by the State. Hence, the State must permit corporations to write industrial insurance practically as it is now written, or else the State must prohibit the writing of such insurance by private corporations and write it itself. The State is, in my judgment, not yet ready to assume such a burden.

Indeed, it may properly be concluded that the present need is not so much new laws on this subject as the thorough supervision and frequent examination of companies of this class coupled with that searching publicity of men and methods now rightly demanded of all corporate enterprises in the insurance field.

REFORM OF THE BRITISH TRUSTEE ACT.

Important Movement to Obtain Extensions in Regard to Colonial Investments.

(From our London Correspondent).

I am in a position to give readers of THE CHRONICLE some information regarding an important movement which is now being organized in London with a view to the reform of the Trustee Act. In recent years there has been a considerable fall in the capital value of nearly all investments of the class in which trustees are by general law authorized to invest, while the rate of interest has remained low. On the other hand, those investors who have been able to distribute their investments scientifically within foreign as well as British and Colonial spheres of influence, have not suffered that decline in the aggregate value of their securities which has affected those who have confined their operations to trustee securities. The main objects of trustees are to secure their trust funds against serious depreciation of capital value and to obtain an income at a reasonable rate of interest